

STATE OF IOWA

CHESTER J. CULVER, GOVERNOR PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF EDUCATION JUDY A. JEFFREY, DIRECTOR

Q and A for School Districts Involved in Voluntary Dissolution

Financial

1. Question: Who is responsible for forwarding counts for certified enrollment, special education, and Title I?

Answer: The board secretary and superintendent of the dissolving district shall be responsible for compiling the following rosters of resident students:

Roster	Instructions:	Forward Copies to:	Due:
Certified Count	The board secretary and superintendent of the dissolving district shall prepare a student roster for each district that is receiving territory of the dissolving district. Students shall be placed on the receiving district's roster according to the location of their residence, i.e. their residence is a part of the territory being attached to the district.	Lisa Oakley, Director of School Finance Iowa Department of Management 515/281-8485 Iisa.oakley@idom.state.ia.us and school board secretaries of contiguous districts receiving the territory in which those students reside and Su McCurdy, Administrative Consultant Iowa Department of Education Grimes State Office Building 400 East 14th Street Des Moines, IA 50319-0146 515/281-4738 su.mccurdy@iowa.gov	December 15 th (January 15 th for New Market)
Special Education	The board secretary and superintendent of the dissolving district shall prepare a special education student roster for each district that is receiving territory of the dissolving district. Students shall be placed on the receiving	Lisa Oakley, Director of School Finance lowa Department of Management 515/281-8485 lisa.oakley@idom.state.ia.us and school board secretaries of contiguous districts receiving the territory in which those students	January 15

Grimes State Office Building - 400 E 14th St - Des Moines IA 50319-0146 PHONE (515) 281-5294 FAX (515) 242-5988

Roster	Instructions:	Forward Copies to:	Due:
	district's roster according to the location of their residence, i.e., their residence is a part of the territory being attached to the district. The roster shall include the student's special education weighting.	reside and Su McCurdy, Administrative Consultant lowa Department of Education Grimes State Office Building 400 East 14th Street Des Moines, IA 50319-0146 515/281-4738 su.mccurdy@iowa.gov and Lana Michelson, Chief lowa Department of Education Grimes State Office Building 400 East 14th Street Des Moines, IA 50319-0146 515/281-4030 lana.lichelson@iowa.gov	
Title I	The board secretary and superintendent of the dissolving district shall prepare a Title I student roster for each district that is receiving territory of the dissolving district. Students shall be placed on the receiving district's roster according to the location of their residence, i.e., their residence is a part of the territory being attached to the contiguous district. The roster should list students by number, not name. The roster should indicate if the student is receiving free or reduced price meals.	Paul Cahill, Title I Administrative Consultant lowa Department of Education Grimes State Office Building 400 East 14th Street Des Moines, IA 50319-0146 paul.cahill@iowa.gov	February 1st

2. Question: Will the dissolving district be required to complete a Certified Annual Report (CAR)?

Answer: Yes, the dissolving district must complete a CAR for the final school year.

3. Question: Who should prepare the final CAR?

Answer: As a part of the dissolution, it is normal to retain the business manager of the district until all legal reports are filed. The business manager shall be employed by the district assigned as the fiscal agent of the dissolving district. The secretary shall be paid from the balance remaining in the General Fund of the dissolving district.

4. Question: Is technical assistance available for the dissolving district?

Answer: Yes, the dissolving district should contact Joyce Thomsen at the lowa Department of Education at 515/242-5612 or joyce.thomsen@iowa.gov.

5. Question: Are there other reports that the dissolving district shall have responsibility for completing?

Answer: Yes. The following is a partial list:

- Annual audit
- Special Education Supplement completed on-line and is part of the CAR
- Foster Care claim- if eligible
- Special Ed claims-if eligible
- Vocational Ed-if High School
- Balances by categorical funding source
- Perkins- complete Project Easier report (If the school has purchased over \$5000 worth of equipment with Perkins funds, contact Roger Foelske (281-4700) at the Department of Education.
- Title I
- Title V
- Title VI
- Transportation
- Spring BEDS
- Payroll reports, i.e. 941 and end of year reports
- Transportation Report

Question: What happens to the assets and liabilities remaining at the end of the dissolving district's last year of operation?

Answer: The school board secretary shall be employed by the district assigned as the fiscal agent and paid from the General Fund of the dissolving district.

6. Question: Which district is the holder of the Agency Fund?

Answer: The district that is assigned as the fiscal agent will maintain the Agency Fund.

7. Question: What are the responsibilities of the district that maintains the Agency Fund?

Answer: Each district receiving territory of the dissolving district "owns" its share of the assets and liabilities at the end of dissolving district's final year even though Agency Fund is maintained by the district assigned as the fiscal agent. The fiscal agent that maintains the Agency Fund is responsible for giving each of the districts receiving assets or liabilities an accounting of its share for each fund area:

- General Fund
- Debt Service Fund
- Management Fund
- Physical Plant and Equipment Levy (PPEL) Fund
- Capital Project Funds
- School Nutrition fund
- Student Activity Fund
- Each Enterprise and Trust Fund

Each district shall enter that information on its CAR. Since the amounts cannot be known at the time that the subsequent year's budget is certified, a budget amendment is required at a later date when the information is known.

8. Question: Is technical assistance available to the district assigned as the fiscal agent and that maintains the Agency Fund?

Answer: Yes, the district assigned as the fiscal agent that maintains the Agency Account may contact the Department's Finance, Facilities and Operation Services (FFOS) for assistance with monthly beginning and ending balances and monthly revenue and expenditure distributions. The fiscal agent does have the responsibility of providing a monthly accounting to all districts that, in turn, will enter this information on their monthly accounting records/reports. The district may request Department assistance on the CAR data needed by the non-fiscal agent district(s) for its CAR.

9. Question: What happens if the dissolving district ends the year with a negative fund balance in any fund?

Answer: The district or districts receiving assets and liabilities of the dissolving district must cover those expenditures from its share of assets received or from its own assets. Additionally, funds must be kept categorical. For example, if it is a General Fund shortfall expenditure, it must be paid from the General Fund assets received from the dissolving district and/or the General Fund monies of the receiving district.

10. Question: May PPEL funds be used to cover negative balances in other funds?

Answer: No, funds remain categorical.

11. Question: May a district seek additional authority from the School Budget Review Committee (SBRC) to cover negative fund balances?

Answer: Yes, if the negative fund balance was in the General Fund.

12. Question: Is any official action required on the part of the dissolving district for transferring bill paying authority to the dissolution finance committee prior to June 30th?

Answer: No. All assets and liabilities transfer to the receiving district or districts on July 1st. Unpaid bills are liabilities transferred to the district assigned as the fiscal agent and are paid from the correct fund's assets in the Agency Fund.

13. Question: Is the dissolving district required to complete a financial audit?

Answer: Yes.

14. Question: Who will actually pay the bills beginning July 1st?

Answer: It is normal for the dissolving district to retain the board secretary until a completed CAR is submitted and the audit is complete. Beginning July 1st, the board secretary is employed by the fiscal agent and paid from the General Fund of the dissolving district. Once the above activities have been completed, the fiscal agent maintaining the Agency Fund assumes final responsibilities that include unemployment claims and final distribution of assets and liabilities.

15. Question: May the district give all or part of school district buildings and grounds to another governmental agency such as a city?

Answer: Yes, <u>if</u> the building and grounds are located within the school district and city boundaries <u>and</u> if it does not violate the division of assets and liabilities outlined in the dissolution proposal per 297.22(2). As a courtesy, on-going communication should be maintained with the district(s) that will be receiving assets and liabilities from the dissolving district.

16. Question: May the district sell district grounds to private individuals?

Answer: It depends. If the purchasing individual was the previous owner of the tract for sale, the land may be purchased by that individual per 297.15-20. All other dispositions of district property must adhere to the conditions outlined in 297.22(1) which include the requirement of a published notice and a public hearing.

17. Question: If a dissolving district has incurred a negative unspent balance at the previous fiscal year end, must the district prepare a corrective action plan for the School Budget Review

Committee (SBRC)?

Answer: No. An unspent balance, positive or negative, ceases to exist at the end of the fiscal year

since the district no longer exists.

18. Question: May the dissolving district give away assets other than real property (real estate) such as cash, to any other entity?

Answer: No.

19. Question: If the district gives a school building to the city in which the building is located, may the district also give to the city cash assets to be used for renovation or demolition?

Answer

No. The code anticipates this situation and provides procedures to the receiving district to demolish or convert an unused building with in 3 years and an abatement of environmental hazards (asbestos and underground tanks). A better solution is to allow the district(s) receiving the buildings to address environmental hazards and demolition of buildings through modified allowable growth through the SBRC per 257.31(7)(b) which states: "The [School Budget Review] committee may authorize a district to spend a reasonable and specified amount from its unexpended cash balance for the following purposes: The costs associated with the demolition of an unused school building, or the conversion of an unused school building for community use, in a school district involved in a dissolution or reorganization under chapter 275, if the costs are incurred within three years of the dissolution or reorganization."

Other expenditures, including but not limited to expenditures for salaries or recurring costs, are not authorized under this subsection. Expenditures authorized under this subsection shall not be included in allowable growth or district cost and the portion of the unexpended cash balance which is authorized to be spent shall be regarded as if it were miscellaneous income. Any part of the amount not actually spent for the authorized purpose shall revert to its former status as part of the unexpended cash balance." and 257.31(6) that states "The [School Budget Review] committee shall establish a modified allowable growth for a district by increasing its allowable growth when the district submits evidence that it requires additional funding for removal, management, or abatement of environmental hazards due to a state or federal requirement. Environmental hazards shall include but are not limited to the presence of asbestos, radon, or the presence of any other hazardous material dangerous to health and safety.

The district shall include a budget for the actual cost of the project that may include the costs in inspection, reinspection, sampling, analysis, assessment, response actions, operation and maintenance, training, periodic surveillance, developing of management plans, recordkeeping requirements, and encapsulation or removal of the hazardous material. "

20. Question: Do districts receiving territory of a dissolving district have the authority to tax the dissolving district for any management fund expenditures that exceed the balance?

Answer: Districts should consult their attorney and the lowa Department of Management.

Accreditation

21. Question: Will the dissolving district complete a Comprehensive School Improvement Plan (CSIP)?

Answer: No, the district will no longer exist.

22. Question: Will the dissolving district complete an Annual Progress Report (APR)?

Answer: Yes. APRs report prior year data to the public. The Superintendent of the dissolving district will complete the APR to the extent possible prior to June 30th.

23. Question: Will APR technical assistance be available to the dissolving district?

Answer: Yes. The superintendent of the dissolving district should contact its Department School Improvement Consultant.

24. Question: What happens to all the permanent school records?

Answer: Permanent records go to the district receiving the largest territory of the dissolving district and become a part of its permanent records.

25. Question: What happens to student records?

Answer: In this case student records follow the student and become the property of the student's new resident district.

Special Education

26. Question: Are there any special considerations for students with Individual Education Plans (IEP) attending a new district?

Answer: Yes, the new district is required to implement a student's IEP until convening an IEP team meeting to review the student's IEP.

27. Question: How do schools that are receiving students from the dissolving district modify their certified count from the prior fall?

Answer. This will be done by the Department of Management when it receives the distribution from the dissolving district.

Athletic Eligibility

28. Question: Will the students of the dissolving districts have immediate athletic eligibility?

Answer: Yes.

DISSOLUTION SCENARIOS	WHO MAY APPLY TO TRANSFER, DEAD- LINE, AND CODE §	ELIGIBILITY FOR INTERSCHOLASTIC ATHLETICS
District A votes to voluntarily dissolve as of 2008-09 school year. The surrounding districts absorb the students.	 Some students attend their new district of residence. Some students use open enrollment to attend another district. Some students pay tuition to a nonpublic school. 	1,2,3. All students are eligible immediately, whether they attend their new district of residence or use open enrollment or otherwise transfer to a different member school.
District A votes to voluntarily dissolve as of 2009-10 school year. The surrounding districts absorb the students.	Students use open enrollment to attend another district or pay tuition to a nonpublic school one year early, 2008-09.	There is no immediate eligibility for students who transfer a year (or more) in advance of the dissolution of their district.

Nutrition

29. Question: Will the dissolving district complete the meal reimbursement claims through the end of the fiscal year?

Answer: Yes

30. Question: Will the dissolving district need to meet the requirement for two food safety inspections and

complete the Health Inspection Report for the remaining year?

Answer: Yes

31. Question: What happens with the food service equipment and/or lunchroom tables purchased with

Child Nutrition funds?

Each district receiving assets will get its share of the food service equipment and

lunchroom tables and/or the proceeds from the sales to the Nutrition Fund.

32. Question: What happens to the commodities?

Answer: Each district receiving assets will get its share of the commodities.

33. Question: Are there any special considerations for students eligible for free or reduced price meals?

Answer: The free and reduced price meal applications in effect at the end of the fiscal year will follow the student to the new district and are valid for the first 30 operating days of the new school year. They may be used until a new application or direct certification is processed during the thirty day period. Free and reduced price meal application from prior years (fiscal years prior to the fiscal year of dissolution) must be retained for three years (longer if there is an unresolved audit finding) and on file with the permanent records of the dissolving district.